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OFFICE OF THE ATTORNEY GENERAL
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Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Recovers \$169K in Settlement with Amerix Debt Management

CHARLESTON – West Virginia Attorney General Darrell McGraw has announced the recovery of \$169,400 in a settlement with debt management company Amerix. Today's multi-state agreement resolves the Attorney General's complaint that Amerix offered, sold and performed debt management services without the required state license and without first determining whether the services met consumers' financial needs.

Attorney General McGraw had alleged that Amerix, a for-profit subsidiary of the Maryland-based AscendOne Corporation, misled customers to believe that they would receive debt management services from a nonprofit credit counseling company. In fact, many customers had little or no contact with a credit counselor, while others who enrolled in the company's debt management plans enjoyed no financial benefit. The complaint also alleged that Amerix hid behind a network of shell nonprofit agencies in order to charge consumers the higher rates allowed by state law for nonprofit agencies – a 7% monthly maintenance fee versus the 2% allowed for-profit agencies.

With today's agreement, Amerix agreed to halt the unlawful offer and sale of debt management services in West Virginia and will pay the settlement amount in installments over four years. West Virginia was part of an action by 19 states and the District of Columbia led by Maryland Attorney General Douglas F. Gansler that will result in a total payment of \$4.5 million by the AscendOne companies to the states' attorneys general. In consenting to the court order filed today, Amerix and AscendOne denied that they had violated any laws.

Debt management services are provided when a credit counseling agency receives monthly payments from a consumer for the purpose of distributing the funds to the consumer's creditors. The monthly rate is negotiated by the agency through what is known as a DMP (debt management plan). In West Virginia, businesses that offer, sell or perform debt management services must be licensed by the state.

The settlement further prohibits Amerix from misrepresenting its services as being performed by a nonprofit agency and directs it to reveal to customers the purpose of fees charged and the potential negative impact that entering into a DMP could have on a consumer's credit history. Amerix may also not enroll consumers into DMPs unless the consumer can afford the plan and is provided with meaningful credit counseling.

To file a complaint concerning debt management services, West Virginia consumers can contact the Attorney General's Consumer Protection Hotline at 1-800-368-8808. Complaint forms are also available at www.wvago.gov. For regular consumer news updates, follow the AGO on Facebook and Twitter.

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